

IRS News Release

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

www.irs.gov/newsroom

Public Contact: 800.829.1040

IRS To Issue Guidance on Special 50-Percent Depreciation Allowance

IR-2008-58, April 11, 2008

WASHINGTON — The IRS announced today that it will issue guidance for businesses on how the special 50 percent depreciation allowance that was included in the Economic Stimulus Act of 2008 can be used to make capital investments this year. Until the guidance is issued, businesses may rely on the regulations previously issued regarding bonus depreciation.

The Economic Stimulus Act of 2008 provided a significant tax incentive for businesses to make capital investments by adding a special 50 percent depreciation allowance for qualifying purchases. This special “bonus depreciation” allowance is available to all businesses and applies to most types of tangible personal property and computer software acquired and placed in service in 2008. It allows taxpayers to deduct 50 percent of the cost of qualifying property in addition to the regular depreciation allowance that is normally available.

The IRS recognizes that questions may arise as taxpayers evaluate the benefits of utilizing the new 50 percent bonus depreciation. Because the special 50 percent depreciation allowance contained in the Economic Stimulus Act of 2008 is generally patterned after prior bonus depreciation statutes, the Treasury Department and the IRS intend to issue guidance allowing taxpayers generally to rely on Treas. Reg. Sec. 1.168(k)-1 for purposes of the bonus depreciation provision of the Economic Stimulus Act of 2008.

As part of the Department’s continuing efforts to help taxpayers take advantage of the business provisions included in the Economic Stimulus Act of 2008, the Treasury Department and IRS are also preparing additional guidance to address a number of issues that have been identified. Taxpayers are encouraged to bring issues to the attention of the IRS that may require expedited guidance to ensure taxpayers are able to fully realize the benefits of these incentives.

The upcoming guidance will also cover the new increased limits that businesses can expense under the Economic Stimulus Act of 2008. Generally, the new law set a limit of \$250,000 that a business can expense during 2008, up from the limit previously set for 2008 of \$128,000.

A detailed description of the business provisions contained in the Economic Stimulus Act of 2008 is available in IRS Publication 553, Highlights of 2007 Tax Changes.

Businesses and tax professionals may e-mail the IRS at Notice.Comments@irs.counsel.treas.gov regarding issues related to the business provisions of the Economic Stimulus Act of 2008 that they would like addressed in the upcoming guidance. They should include “IR-2008-58” in the subject line of the e-mail.